

DANVILLE-PITTSYLVANIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Minutes

September 8, 2014

The Regular Meeting of the Danville-Pittsylvania Regional Industrial Facility Authority convened at 12:09 p.m. on the above date in the Danville Regional Airport Conference Room, 424 Airport Drive, Danville, Virginia. Present were City of Danville Members Vice Chairman Sherman M. Saunders, Fred O. Shanks, III and Alternate J. Lee Vogler. Pittsylvania County Members present were Chairman Coy E. Harville, James A. Snead and Alternate Jerry A. Hagerman.

City/County staff members attending were: City Manager Joe King, Deputy City Manager Ken Larking, County Administrator Clarence C. Monday, Assistant County Administrator for Planning & Development Gregory Sides, City of Danville Interim Finance Director/Authority Treasurer Michael Adkins, Danville Director of Public Works Ric Drazenovich, Danville Director of Economic Development Telly Tucker, Governmental Affairs Consultant Linwood Wright, Clement & Wheatley Attorney Michael Guanzon and Secretary to the Authority Susan DeMasi.

Also present was Dewberry and Davis Project Manager Shawn Harden and Brian Bradner.

Chairman Coy Harville welcomed members of the Tobacco Commission: Ms. Gayle Barts, Honorable Frank M. Ruff, Missy Neff-Gould, Honorable Danny Marshall and Director Tim Pfohl.

**PUBLIC COMMENT PERIOD**

No one desired to be heard.

**APPROVAL OF MINUTES FOR THE AUGUST 11, 2014 MEETING**

Upon **Motion** by Mr. Saunders and **second** by Mr. Snead, Minutes of the August 11, 2014 meeting were approved as presented. Draft copies had been distributed to Authority Members prior to the Meeting.

**APPROVE/CHANGE TO AGENDA**

Mr. Snead **moved** to approve the Agenda Omitting Item C. The Motion was **seconded** by Mr. Saunders and carried by the following vote:

VOTE: 4-0  
AYE: Harville, Snead, Saunders, Shanks (4)  
NAY: None (0)

**NEW BUSINESS**

**5A. – UPDATE ON EXISTING INDUSTRIES WITHIN THE AUTHORITY'S PROJECTS**

Director of Economic Development Telly Tucker gave a brief report to the RIFA board noting staff had received good news from ElKay in the Cane Creek Centre. ElKay is approaching 234 full time employees, a substantial increase over the last few years and are also adding another product line to their Danville plant.

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**5B. UPDATE ON THE AUTHORITY'S BERRY HILL ROAD INDUSTRIAL PARK PROJECT**

**1. UPDATE ON PERMIT APPLICATION** - Assistant County Administrator for Planning & Development Gregory Sides thanked the Tobacco Commission for all of their assistance, patience and understanding of what RIFA is up against in obtaining this permit.

Director of Economic Development Ric Drazenovich gave the background on the permit, noting that Berry Hill is a 3500 acre park. RIFA submitted their permit about two years ago. When RIFA submitted its permit, it took the Corp about six months to respond, and included a section about having a prospect for the industrial park. When a design is submitted, the Least Damaging Alternative has to be shown to the Corp and the EPA. The Corp noted without having a prospect, RIFA couldn't design the least damaging alternative and therefore the Corp wouldn't be able to approve their application. Staff met with them and the Corp agreed in concept, if RIFA had a Market Study that more definitely defined what RIFA was marketing the site for and refined their proposal so it didn't have a lot of pads that it was requesting be graded, they would consider going forward. RIFA brought in a market study group, Jones Lang LaSalle, who worked on the market study which was submitted to RIFA in February. It was shown to the Corp of Engineers and RIFA received approval to proceed forward. The last component of the permit was performing an economic analysis on each of the three alternatives in the market study. The market study showed an alternative with almost no impact, one with a moderate amount of impact and one with total impact on all streams and wetlands.

Shawn Harden from Dewberry reviewed the three alternatives, noting the market study indicated the three most highly potential industries that would locate in Berry Hill were wood and forest products, rubbers and polymers, and metal. The market study gave specific criteria on building sizes, parking requirements, truck parking, etc. Option One is the no impact layout. The economic analysis showed this option was not viable for RIFA as it did not provide enough square footage of building space. Option Two is the Preferred Option, the same building types and industry types were laid out on the site to avoid as much of the impacts as possible while still providing the required square footage. Option Three put large industries as they could fit on the lot and the economic analysis proved that this was a viable option, however, it does have the highest amount of impact. Staff will submit the revised permit to the Corp with the Preferred Option. Staff believes the Corp will give it good consideration to getting a permit on the site. Once RIFA receives the permit, it will allow grading in Lots 4 and 5 which is now called Phase I Berry Hill Industrial Park. Phase I is roughly 480 acres which can house 3.25M square feet.

In response to Mr. Marshall, Mr. Harden noted that Commonwealth Crossing in Henry County was ahead of Berry Hill by almost two years. Mr. Pfohl stated he didn't know the acreage number but they scaled it back and reduced it down into two lots. Mr. Drazenovich stated he thought they did the same thing RIFA is now doing.

Mr. Saunders questioned Mr. Harden if the Corp seemed to be more favorable to RIFA's request, was that a trend and what contributed to that. Mr. Harden responded one of the biggest reasons they are looking more favorably on this is because the market study defines both the industry type and the industry layouts that are most likely to locate here. In addition to that, removing Lot 3, the impacts on stream channels went from 38,000 feet to 6,000 feet.

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Mr. Shanks noted it is the interpretation of the regulations and Mr. Drazenovich agreed; the Clean Water Act has not changed, but it definitely says an LEDPA must be submitted, Least Environmentally Damaging Practicable Alternative. This has been interpreted to mean the design must be for a particular client, not for a general industry. With the market study, the economic analysis, the reduction in scope, the discussions, everybody else's input including legislative, Mr. Drazenovich noted he believes they are moving in the direction of approving it. Mr. Harden stated he has one more section to write from the market analysis and the application will probably be looked at in mid-October. Mr. Harden also noted that he has spoken with the area representative and she is amenable to staff coming down to Lynchburg and going over the plans with her.

Senator Ruff explained when the Tobacco Commission made the decision to fund mega parks, concern was statewide, there were no mega park sites at the right acreage. The Commission went through an extremely long process of paring it down to the ones that it choose. If this park is developed this way, what will be the useable amount of property still left in Berry Hill that could be considered one track for one industry. The State lost opportunities because it didn't have any 1000 + acre sites available. Mr. Harden noted that Lot 3 is 980 acres. Mr. Drazenovich explained that the Phase I, Option 2, the middle impact option, will be 230 acres of grading.

**2. GENERAL DISCUSSION WITH MEMBERS OF THE TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION**

Delegate Marshall asked the RIFA board if they have any questions or wanted any clarification on what the Commission does or what they should be doing.

Mr. Snead questioned stories about changes on how Tobacco money is going to be distributed, that more funds could go further north up to Fairfax County. Mr. Marshall explained the General Assembly could, if a bill gets introduced, change it and distribute it out of the Commission and put it all over the state, that how it is done in North Carolina.

Mr. Sides asked if there will be another cycle in the mega site funds and Mr. Pfohl noted that is an annual budget decision by the Commission; there is still a fund balance. This year is the smallest annual budget in the fifteen year history of the Commission with less than \$49M as the endowment is going down and approaching \$300M. It is going to be leaner times going forward and is something the Commission would have to take into consideration; see specifically what the needs are to get more mega sites further along in the development process.

Mr. Harville commended the Commission members for the hard work they do and especially the representatives from the Southside that have helped RIFA move forward. Mr. Harville thanked the Tobacco Commission members for coming today and looked forward to working with them in the future.

**5D. CONSIDERATION – RESOLUTION NO. 2014-09-08-5D – APPROVING PROPOSAL DATED AUGUST 11, 2014, REVISED AUGUST 26, 2014 WITH DEWBERRY ENGINEERS**

Mr. Sides noted this matter was discussed at the last meeting, the various options available to address the dam safety issue at the pond at Cane Creek Centre. Dewberry had provided two option proposals, one to permit the structure and the other to do the dam removal

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permit. Since the RIFA board supported the dam removal permit, staff has brought it back to the Board; it is a contract to do a dam removal permit.

Mr. Harville questioned an item under Dewberry's proposal, Scope of Services, number six. Mr. Harden responded that they are not anticipating any design for this project, it is just a paper permit they submit to the State. In response to Mr. Shanks, Mr. Harden stated that Dewberry is assuming that surveying will not be needed. The only time a survey would be needed for this is if RIFA were going to try to prove to the VCR that the dam was below the dam safety regulations. This permit is a letter and permit application to the Corp telling them what RIFA is going to do in the process, what they are going to do to de-water it, remove the dam and restore the stream channel.

Mr. Snead **moved** adoption of *Resolution 2014-09-08-5D, approving proposal dated August 11, 2014, revised August 26, 2014 with Dewberry Engineers Inc., a New York corporation, to prepare the necessary documents for the complete removal of the dam and pond in the Authority's Cane Creek Centre project located in Pittsylvania County, Virginia, at a lump sum of \$6,500.*

The Motion was **seconded** by Mr. Shanks and carried by the following vote:

VOTE: 4-0  
AYE: Harville, Snead, Saunders, Shanks (4)  
NAY: None (0)

**5E. FINANCIAL STATUS REPORT AS OF AUGUST 31, 2014**

Authority Treasurer Michael Adkins noted under the \$7.3M bond expenditures, there was one expenditure in the month of August for \$15,500 for the acquisition of the Johnson property. Schedule B will be the last time the Board will see the FY14 Expenditures which shows \$19,615 expended for legal services through the month of June. FY14 ends with \$114,807.25 as the unexpended, unencumbered balance for FY14. In Schedule C, that number is rolled over to start out FY15 and shows an expense for the month of August of \$26.49 for the monthly utility bill. Schedule D is the Mega Park with no expenditures in August. Schedule E is the Lot 4 site development; RIFA spent \$362,418 to Dewberry for Amendments 4, 5 and 6 and also \$2,205.00 to Wetland Studies and Solutions. Exhibit F is rent and interest income realized for the month of August, with \$300 rent from Securitas and \$6,673 paid to IALR for the Hawkins' Building property management fee.

Mr. Shanks questioned the budget for Lot 4 site development, \$1.268M to Dewberry, the money spent to date, \$442,607, are they still due \$825,879, and Mr. Adkins noted the rest of the budget is encumbered, for work not yet billed. In response to Mr. Snead, Mr. Adkins stated he was not sure what is budgeted for grading; right now RIFA has \$6.3M that has not been encumbered or expended for the funding that is available for that site. Mr. Adkins noted he can get an answer to Mr. Snead for what is allotted for grading. Mr. Shanks requested an update on that and the work anticipated to grade the site based on the current layout. Mr. Harville noted it was his understanding in the permitting process, the \$6.2M, some of the money came out for studies and asked Mr. Sides if he knew if any of that money has been taken out of that \$6.2M. Mr. Sides noted RIFA had \$6.2M from the Tobacco Commission, \$1.6M of local money totaling over \$7M to start with. Some of that

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has been taken out for the Jones Lang LaSalle study, the economic analysis and permit fees.

Mr. Shanks **moved** to approve the Financial Report as of August 31, 2014 as presented. The Motion was **seconded** by Mr. Snead and carried by the following vote:

VOTE: 4-0  
AYE: Harville, Snead, Saunders, Shanks (4)  
NAY: None (0)

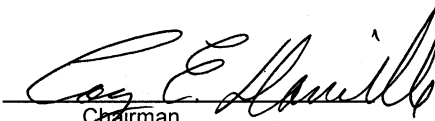
**COMMUNICATIONS**

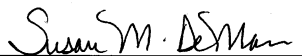
Mr. Snead asked if the Chairman or the Vice Chairman of RIFA attends the staff meetings and Mr. King noted they did not but they are welcome to attend if they wish. The meetings are for staff to plan the agenda for the next meeting.

Mr. Snead questioned the language at the end of every resolution, which notes the Authority authorizes and directs staff and other agents and representatives working on behalf of the authority to take such action to do all such things as are contemplated, etc. Mr. Snead noted he wanted to make sure staff is not doing anything that RIFA hadn't approved. Mr. Guanzon explained there is a scope and it is a balance of being very specific versus not being specific enough. If the Board wants to have something more restrictive, they can absolutely do so.

Mr. Harville informed the Board and staff he has prostate cancer, asked that members remember him in their prayers and he probably won't be at the next meeting if his surgery goes forward very soon.

MEETING ADJOURNED AT 1:01 P.M.

  
Chairman

  
Secretary to the Authority

